

Message Text

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SUBJECT: ROADS IN YEMEN

REFERENCE: SANA 058

BEGIN SUMMARY: YEMENIS EXPECT TO CONTRACT FOR 300
MILLION DOLLARS WORTH OF ROADS WITHIN NEXT 3 TO 4 MONTHS.
END SUMMARY.

1. MINISTER OF PUBLIC WORKS, ABDALLAH KHURSHUMI, TOLD
AMBASSADOR AND DCM ON 10 JANUARY THAT FEASIBILITY
STUDIES ARE IN HAND ALONG WITH FINANCING FOR THREE OTHER
MAJOR ROAD PROJECHS IN ADDITION TO TWO WHICH DISCUSSED
REFTEL. KHURSHUMI EXPECTS TO TENDER FOR THESE ROADS IN
NEXT 3 TO 4
MONTHS. AS THEIR TOTAL LENGTH IS ABOUT 750
KILOMETERS, COST MAY BE AS MUCH AS 1.4 BILLION RIYALS
OR A LITTLE MORE THAN 300 MILLION DOLLARS.

2. FIRST ROAD IS HUTH TO HARADH, 125 KILOMETERS FROM
NORTHEAST HIGHLANDS SOUTH TO SAADA DOWN TO TIHAMA.
STUDIES HAVE BEEN DONE BY SWEDISH CONSULTING FIRM
NAMED SWECO AND PROJECT WILL BE ADVERTISED BY
FEBRUARY. SAUDI FUND IS FINANCIER.
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3. SECOND ROAD IS YARIM, DAMTH, QATABA. THIS ROAD
LEADS OFF TAIZ-SANA MAIL LINE AND OPENS UP ANOTHER
POPULOUS PART OF SOUTHEAST OF YEMEN, ENDING AT PDRY
BORDER. LENGTH IS 200 KILOMETERS. DAR AL-HANDASAH
IS CONSULTING FIRM AND SAUDI FUND WILL FINANCE. TENDERING
EXPECTED BY SPRING.

4. THIRD ROAD IS SANA, JIHANAH, MARIB. ABU DHABI AND SAUDIS ARE SPLITTING COST OF THIS 170 KILOMETER ROAD WHICH WILL BE TENDERED BY END OF FEBRUARY.

5. RE SAUDI-FINANCED ROADS FROM NORTH, DESCRIBED IN REFTTEL, KHURSHUMI SAID THAT WILSON-MURROW WAS "PREFERRED COMPNAY" FOR CONSULTING ENGINEERS. HE HOPED THEY ARE INTERESTED SINCE SAUDIS HAD TOLD HIM, APPARENTLY, THAT WILSON-MURROW WAS "TOO BUSY." AMBASSADOR SAID OUR INFORMATION IS THAT WILSON-MURROW IS "VERY INTERESTED."

6. KHURSHUMI SAID THAT WHILE ALL CONTRACTS WOULD BE LET ON BASIS OPEN INTERNATIONAL TENDER, THERE WOULD BE PREQUALIFICATION OF BIDDERS. COMPANIES WHO ARE INTERESTED IN THIS JOB SHOULD COME TO YEMEN AND REGISTER. IF SUPPLIED WITH APPROPRIATE INFORMATION, WE CAN PROBABLY REGISTER COMPANIES.

7. KHURSHUMNCGALSO SAID THAT J.A. JONES, SOUTH CAROLINA CONSTRUCTION FIRM WITH LARGE ACTIVITIES IN SAUDI ARABIA, HAD THAT MORNING TELEPHONED HIM WITH 4 MILLION DOLLAR COMMITMENT OF JOINT VENTURE. JONES WILL INCORPORATE LOCALLY WITH EXISTING YEMEN HIGHWAY AUTHORITY AND BID ON ALL UP-COMING YEMEN TENDERS. AS JOINT VENTURE YARG WILL GIVE THE NEW COMPANY UNCLASSIFIED

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PREFERENCE OF UP TO 10 PERCENT IN BID PRICE. JONES PRESIDENT IS PRESUMABLY COMING TO YEMEN TO FINALIZE AGREEMENT ON 18 JANUARY.

COMMENT: AS JOINT VENTURE BY JONES IS EFFORT WHICH EMBASSY HELPED TO BRING ABOUT, WE ARE DELIGHTED, BUT STILL SEE GOOD PROSPECT FOR OTHER AMERICAN COMPANIES TO BID ON LARGE NUMBER OF HIGHWAY PROJECTS WHICH COMING UP IN NEAR TERM. HOPE JIDDA WILL CIRCULARIZE U.S. COMPANIES RE OPPORTUNITIES KHURSHUMI IS PERSUADED THAT AMERICAN COMPANIES ARE THE BEST. AMBASSADOR REMINDED HIM THAT EARLIER MARIB ROAD CONTRACT HAD BEEN LET TO INEXPERIENCED KUWAITI COMPANY OVER AMERICAN GROUP WHICH SHOULD HAVE GOT THE JOB. NOW, AFTER 18 MONTHS, KUWAITIS 10 MONTHS BEHIND. KHURSHUMI AGREED SADLY. HE IS GRADUATE OF U.S. BUREAU OF PUBLIC ROADS PROGRAM HERE IN YEMEN. SCOTES

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